

**Asheville Affordable Housing Advisory Committee**  
**February 5, 2015**  
**Meeting Notes**

**Attending Members:** Lindsey Simmerly, Laura Simmelink, Barber Melton, Scott Dedman, Randall Barnett, Jay Gurney

**Attending Staff:** Jeff Staudinger, Jonathon Jones, Sandra Anderson

**Guests:** Laura Collins, Greg Borom

**Meeting Notes**

The minutes from the January 5, 2015 meeting were approved.

**Updates**

**2015-2019 Consolidated Plan:**

Jeff Staudinger reported on the success of the focus groups, public meetings and 500 responses to the online survey. A draft of the compiled responses would be complete within the next week. Approximately 125 individuals participated in public engagement sessions. This represents a significant increase from five years ago when there were only 35 meeting attendees and 50 survey responses. This is a reflection of the general interest in affordable housing throughout the community. The feedback from participants indicating the need for affordable housing reinforces the likelihood that it will remain a high priority in the 2015-2019 Consolidated Plan. Scott Dedman asked if there is a targeted number for quantity of need from the recent Housing Needs Assessment. Jeff responded that the needs and gap analysis will determine those numbers. The need, which considers cost burden, will include households earning \$50,000 or more. The gap will appear far less, but takes into account the actual supply deficit and production target.

**Housing Trust Fund Report:**

Jeff reported that the HCD Committee recommended two HTF loans that City Council will consider at their February 10 meeting. The first loan will be to Biotat LLC for 24 units targeting the hard-to-house in the amount of \$200,000 with \$100,000 of previous funding returning to the HOME fund pool. The first stage of permit review will happen in the following week. The second loan in the amount of \$120,000 is to Kirk Booth and Beaucatcher Commons LLC, for 12 units on Hazel Mill Drive. The project will consist of six lots, each with a 3 bedroom/2 bath unit and a 1 bedroom/1 bath unit. The single bedroom units would be leased to households at 60% AMI and the larger units will rent at market rates. These will have a cottage design that is not expected to cause problems like the designs in Shiloh. Both developers have set rents to Fair Market Rent (FMR) and will accept housing choice vouchers. Council is considering \$600,000 for the HTF in the coming budget. With \$500,000 in EDCIP designated for affordable housing, this brings the HTF total to the \$1.1 million. Scott requested that the HTF calculation of \$.01 per \$100 tax value be updated to account for changes in tax values and economic conditions. Lindsey suggested that the tax value funding for the HTF be included in the March meeting in time for Council's budget process.

### Housing Needs Assessment:

Jeff provided a summary for the presentation made to City Council on the 2015-2020 Housing Market Assessment. He clarified that the overview of the housing market included the four county region, including Madison, Buncombe, Henderson and Transylvania Counties. The highlights included the following findings:

- The region's household count is growing quickly, especially Asheville with a 15% growth rate.
- Most of the household growth will occur in those with a head-of-household 55 or older.
- Rental and ownership rates are expected to remain consistent.
- The majority of renters are low-income, one-person households.
- Two-person households represent make up the largest percentage of homeowners. An aging population one-person homeownership is on the rise.
- Consistent with most urban areas, one-in-five people in Asheville live in poverty.
- Mobile homes represent 16% of the region's occupied housing stock, while in Madison and Transylvania Counties this is approximately 25%.
- Asheville and Buncombe County have less than a 1% vacancy rate among multifamily housing and 0% vacancy in subsidized housing.
- Asheville multifamily rents, representing 40% of the market, are consistent with HUD Fair Market Rents.
- For-sale housing has just now returned to pre-Recession median sale prices and quantities.
- Homes for sale under \$200,000 make up only 27% of the market while 67% of potential buyers can only afford something under \$200,000.
- The housing gap as presented in the Housing Need Assessment includes a 4% adjustment to account for a healthy rental market.
- In rental housing 74% of need will be among households earning less than 50% AMI. Factoring out cost burdened households, the rental supply gap will be about 5,600 units over the next five years, more than half of which would be in Asheville and Buncombe County.
- In homeownership, the regional need is approximately 70,000 households earning less than 120% AMI. The region wide homeownership supply gap is approximately 12,000 units and represents a significantly number of senior households, but strangely includes nearly 1,000 households earning less than 30% AMI pursuing homeownership.
- The author of the study has indicated that Asheville and the surrounding region is unique in that, unlike other communities, it is not keeping up with the housing supply gap.

Addressing the reported gaps, Jay Gurney stated that there was a developer working exclusively on 4% tax credits tied to a tax exempt bond and expressed interest in a similar solution to get above the current 60 units produced annually in Asheville. Jay estimated that it would take about \$90,000 per unit without land costs. Scott suggested that the City or County might offer the land for such a project. Related to cost burdens, Jay pointed out that after the Recession lenders are allowing up to 50% debt to income ratio on homeownership, which is a significant concern for low income households when factoring in their remaining living expenses.

Lindsey reported that Jeff had presented a staff report to City Council on the AHAC recommendations and accomplishments for the year.

### **Unfinished Business**

#### **Housing Summit:**

Jeff explained that Council has expressed interest in AHAC leading some form of public engagement activity. Jeff suggested an April - June timeframe to allow staff to finish the CDBG/HOME Application and Consolidate Plan processes. Lindsey suggested the majority of the March meeting for housing summit planning. Jeff recommended the Cellular Center as a possible venue.

#### **2015 Recommendations and Work Plan:**

Lindsey suggested following the minutes from the previous meeting to set and prioritize the work plan items. She further stated that she would be seriously advocating for mandatory inclusionary zoning at 20% of new developments.

Jay suggested prioritizing accessory units. He recommended a short list of items that could be accomplished rather than a long unfocused list. There was general agreement for a list of the top five priorities with additional issues included.

Lindsey pointed out that there had been significant discussion in previous meeting about items related to Buncombe County and requested input as to how that might fit into the work plan.

Jeff mentioned a conversation with Alan Glines regarding the lack of development outside of market rate standalone, single family units and the possibility of interviewing developers for small scale multifamily units.

Laura Simmelink expressed concern that most of the recent commercial development in areas like the Merrimon corridor is only single story. She explained that Chapel Hill passed an ordinance years ago that requires new developments to include residential units above commercial space. She suggested community outreach for such multistory development in commercial areas. She also offered the possibility of providing incentives to homeowners to develop affordable units on their personal property rather than just incenting contractors and developers. Lindsey asked why Whole Foods on Tunnel Road did not include housing. Jeff responded that residential units were simply not part of the company's plan for the project and that other cities have requirements that Asheville does not. Jeff noted that developers working on mixed use projects in Fairview, Sweeten Creek and Thompson Street are reporting more market demand for residential than commercial development. Scott proposed adding residential requirements on future commercial and retail developments. There was general agreement. Jay did not offer an objection, but stated that FHA financing on such projects has long amortization schedule and only allows for a small percentage of commercial development. This would be a challenge when adding residential development to a commercial project rather than the other way around. He also suggested keeping the topic separate from accessory apartments in recommendations and work plan.

Lindsey reported that there was a suggestion at the Council Retreat about busing workers in from other counties rather than pursuing affordable housing. She suggested a recommendation from AHAC opposing the idea. Jeff explained that some of the concern is from the budgetary question of investing in transportation for a large segment of the community rather than affordable housing for something like

30 households. Lindsey responded that the issue may not need to be on the agenda, but that it is important to be aware of the conversation.

Barber Melton recommended collaboration with Buncombe County. Lindsey affirmed that it would be included in the work plan for the coming year. Jeff stated that it would be best to have assistance from Council in making that invitation. Barber shared that the relationship between the City and County seemed to have improved. Jeff shared that he would be making a Housing Needs Assessment presentation at the County Commissioners Retreat. Scott stated that a \$.01 per \$100 of tax value investment from the County would increase their contribution to affordable housing by \$2 million. Laura asked if the Economic Development Commission would be another avenue for strengthening the relationship with the County. Jeff explained that there is a good working relationship with the City, but that this is usually facilitated through the Chamber of Commerce.

#### Public Comment:

Lindsey stated that she is considering stepping down as Chair the Affordable Housing Advisory Committee.

Greg Borom of Children First/Communities In Schools: Children First has been compiling data and asking the City to take a look at targeting affordable housing for households with children. Knowing that a child's home environment affects school performance and health, it is worth looking at the City's return on investment in terms of the future of the community. Over 50% of students in the two school districts are on free or reduced lunch programs, which serve families up to 185% of poverty level. Families with school aged children represent many of the cost burdened households in the community. Homeless children in the school system, including those living in hotels and doubled up, have been increasing. Buncombe County has seen an 1886% increase in homeless students in the last nine years. This year Asheville is reporting 156 homeless students and Buncombe County has identified 340. Last year the total was over 700 homeless students, which is the size of some of the elementary schools. Children First is asking that the City would target households at 80% AMI, but also 50% AMI, even though it would be more expensive. Not all of the resources from the Consolidated Plan or HTF can focus on families with children, but it would be a missed opportunity to strengthen the community. It is exciting to hear that MAHEC and Mission are showing interest in affordable housing. They brought in Dr. Rishi Manchanda for their MLK event. His "Upstream Healthcare," as stated in an online TedTalk, addresses how housing and the environment are affecting the health of children. Affordable housing is a prescription for the health in children. Children First would also like to participate in the housing summit. After speaking with Gwen Wisler at the Council Retreat, there is a need to get the County involved.

Barber Melton stated that the short term rental meeting went well. Over 200 people attended and everything was very positive. Those running the short term rentals in the City know that they are breaking the law, but they want regulation and to pay the taxes. There is work with the state legislatures to look at not only doing something with the City but also the County to address the issue. Some neighborhoods are reporting more problems in addition to the lost revenue. Gary Jackson and Council are stating that this is an ongoing problem. This will not be solved quickly. An ordinance will be needed as well as a way to pay two more City inspectors. Jay commented that some places are simply charging large fees for short term rentals, much like the taxing marijuana in other states. Scott suggested adding short term rental fees to HTF as it would link units that would otherwise not impact the affordable housing stock to affordable housing efforts.

Laura Collins pointed out that short term rental income also makes housing affordable for people in the community.

**Next Meeting.** Thursday, March 5, 2015 at 8:30a.m. in the 5<sup>th</sup> Floor Conference Room of City Hall.